GOVERNMENT OF INDIA
CIVIL AVIATION
LOK SABHA

STARRED QUESTION NO:6
ANSWERED ON:15.07.2002
LOSSES TO IA
DINESH CHANDRA YADAV;RAM JEEVAN SINGH

Will the Minister of CIVIL AVIATION be pleased to state:

(a) whether the Indian Airlines has suffered continous losses for the last three years and as a result thereof its market share has been falling steadily;

(b) if so, the estimated losses suffered by the Indian Airlines during 2001-2002 (till dat

(e) as compared to the corresponding period in 1999-2000 and 2000-2001;

(c) the reasons for such losses; and

(d) the steps taken by the Government to improve the situation?

Answer

THE MINISTER OF CIVIL AVIATION (SHRI SYED SHAHNAWAZ HUSSAIN)

(a),(b),(c) and (d): A statement is laid on the Table of the Sabha.

STATEMENT IN REPLY TO PARTS (a),(b),(c) and (d) OF LOKSABHA STARRED QUESTION NO.6 FOR ANSWER ON 15/07/2002 REGARDING LOSSES TO IA
(a) and (b): The net profit/(loss) of Indian Airlines and Alliance Air during the last three years are as under:

Year	Net profit/(loss) (Rupees in crores)	
	Indian Airlines	Alliance Air
1999-2000	51.42	0.94
2000-2001	(159.17)	(71.19)
2001-2002	(estimated(250.65)	(63.00)

The domestic market share of Indian Airlines and Alliance Air in the past three years has been as under:-

Year	Percentage Market Share
1999-2000	56.0
2000-2001	50.9
2001-2002	49.7

Indian Airlines' decline in market share is primarily on account of decline in its capacity share in the domestic market. There was also decline of traffic of about 7% in 2001-2002 in view of the general economic slow down and the September 11 incident in USA whereas Capacity increase has been in excess of the market growth.
(c): The reasons for the losses incurred by Indian Airlines/Alliance Air are as under:-

1. Increase in the price of ATF
2. Increase in Landing and Navigational Charges
3. Increase in rate of exchange and levy of Customs duty on

import of leased aircraft
4. Increase in Insurance Premium Rates
5. Increased Ground Handling Charges at Cochin Airport after the new airport came into operations, when self handling of flights by the airlines was withdrawn
6. Additional Security
7. Drop in domestic traffic.

(d): Indian Airlines and Alliance Air have taken the following measures to improve revenue and contain operational costs :

- Strict Budgetary Control
- Ban on fresh recruitment
- Route rationalization and deployment of aircraft based on market requirements
- Introduction of flexi fare policy
- Innovative marketing strategies
- Acquisition of aircraft on lease to replace ageing aircraft/augmentation of capacity
- Improvement in the quality of product/customer services.